#### ALJ/TRP/dc3

### PROPOSED DECISION

Agenda ID #13309 Quasi-legislative

#### BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

	Rulemaking regarding whether, or subject to what Conditions, the suspension of Direct Access may be lifted consistent with Assembly Bill 1X and Decision 01-09-060.	Rulemaking 07-05-025 (Filed May 24, 2007)	
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# DECISION GRANTING COMPENSATION TO L. JAN REID FOR SUBSTANTIAL CONTRIBUTION TO DECISION 11-12-018

Claimant: L. Jan Reid	For contribution to Decision (D.) 11-12-018
Claimed (\$): 55,388.99	<b>Awarded (\$): \$41,133.99</b> (reduced 25.7%)
Assigned Commissioner: Michael R. Peevey	Assigned ALJ: Thomas R. Pulsifer

#### **PART I: PROCEDURAL ISSUES**

A. Brief Description of Decision:	The decision adopted various updates and reforms in the
	rate setting methodologies and rules applicable to Direct
	Access service.

# B. Claimant must satisfy intervenor compensation requirements set forth in Public Utilities Code §§ 1801-1812:

		Claimant	CPUC Verified	
	Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):			
1.	Date of Prehearing Conference:	November 5, 2010	Yes	
2.	Other Specified Date for NOI:	N/A	Yes	
3.	Date NOI Filed:	December 6, 2010	Yes	
4.	Was the NOI timely filed?		Yes	
Showing of customer or customer-related status (§ 1802(b)):			b)):	
5.	Based on ALJ ruling issued in proceeding number:	A.07-12-021	See comment below	
6.	Date of ALJ ruling:	April 15, 2008	See comment below	

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7. Based on another CPUC determination (specify):		D.10-05-017
8. Has the Claimant demonstrated customer or customer-related status?		Yes
Showing of "significant finan-	cial hardship" (§ 1802(g))	:
9. Based on ALJ ruling issued in proceeding number:	A.07-12-021	See comment below
10. Date of ALJ ruling:	April 15, 2008	See comment below
11. Based on another CPUC determination (specify):		D.10-05-017
12. Has the Claimant demonstrated significant financial hardship?		Yes
Timely request for comp		
13. Identify Final Decision:	N/A.  See comment below.	N/A
14. Date of Issuance of Final Order or Decision:	N/A	N/A
15. File date of compensation request:	August 21, 2012	Yes
16. Was the request for compensation timely?		Yes

#### C. Additional Comments on Part I

#	Intervenor's Comments	CPUC Discussion
4	The NOI was filed within 30 days of the PHC, accounting for holidays and weekends. The NOI would have been due on December 5, 2010. However, December 5, 2010 was a Sunday, so the NOI was due on December 6, 2010.	Reid claims eligibility to claim intervenor compensation based on a Ruling issued in Application (A.) 07-12-021 on April 15, 2008. While it is correct that this Ruling was issued within a year of the commencement of this proceeding, Reid did not begin participating in the instant proceeding until 2010. Therefore, we rely on D.10-05-017, which affirmed Reid's eligibility for intervenor compensation, affirming both his customer status and significant financial hardship. This decision was issued on May 6, 2010. We also rely on more recent decisions, including D.11-03-019, issued on March 15, 2011, that did not rely on the financial hardship rebuttable presumption, but independently made that assessment. Reid is eligible to claim intervenor compensation as a Category 1 customer.
13	At the time of Reid's filing, a final decision closing proceeding R.07-05-025 has not been issued. Therefore, the request is timely pursuant to Public Utilities Code § 1804(c).	The Commission agrees that the request is timely, but notes that D.14-07-028 closed the proceeding for purposes other than intervenor compensation.

#### **PART II: SUBSTANTIAL CONTRIBUTION**

A. In the fields below, describe in a concise manner Claimant's contribution to the final decision (see § 1802(i), § 1803(a) & D.98-04-059).

Specific Peferances to Intervener's	CPUC Discussion
Claimed Contribution(s)	CPUC DISCUSSION
The Commission noted that "Reid recommends adopting the proposal in TURN's post-workshop comments which maintains the current MPB methodology such that the PCIA would incorporate the entire RPS adder premium inherent in the IOUs'costs of procurement to meet the RPS goals, but non-utility retail suppliers would be given RPS credit for their proportionate share of the IOU's RPS purchases."  (D.11-12-018, slip op. at 12)	No. D.11-12-018 specifically rejected Reid's proposal as "unduly complex and not sufficiently developed to warrant adoption at this time." (D.11-12-018 at 18.)
Thus, Reid made a substantial contribution to the Commission's resolution of the RPS issue.	
The Commission stated that "Reid proposes the use of the Interim CPM (ICPM) price of \$41/kw-year pending further developments on the CPM." (D.11-12-018, slip op. at 26). The ICPM  The Commission effectively agreed with Reid when it adopted a proposal to "update the RA capacity adder using the California Energy Commission's estimates of the going forward costs of a combustion turbine, which is updated biannually, including the Net Qualifying Capacity of all generation resources in the utility portfolio."(D.11-12-018,	Yes, to a certain extent. It is not clear that the Commission agreed with Reid in adopting Southern California Edison's proposal regarding the Cost Per Meter. However, Reid did contribute to the decision on this point, albeit in a limited fashion.
	The Commission noted that "Reid recommends adopting the proposal in TURN's post-workshop comments which maintains the current MPB methodology such that the PCIA would incorporate the entire RPS adder premium inherent in the IOUs'costs of procurement to meet the RPS goals, but non-utility retail suppliers would be given RPS credit for their proportionate share of the IOU's RPS purchases."  (D.11-12-018, slip op. at 12)  Thus, Reid made a substantial contribution to the Commission's resolution of the RPS issue.  The Commission stated that "Reid proposes the use of the Interim CPM (ICPM) price of \$41/kw-year pending further developments on the CPM."  (D.11-12-018, slip op. at 26). The ICPM  The Commission effectively agreed with Reid when it adopted a proposal to "update the RA capacity adder using the California Energy Commission's estimates of the going forward costs of a combustion turbine, which is updated biannually, including the Net Qualifying Capacity of all generation resources in

3. Negative PCIA	The Commission stated that "PG&E, SDG&E and Jan Reid propose that in the event PCIA is negative, the PCIA charge should be set to zero and any negative PCIA should only be used to offset positive PCIA in future periods, rather than first offsetting that year's CTC charges." (D.11-12-018, slip op. at 36-37).  Although the Commission did not agree with Reid on this issue, Reid made a substantial contribution's to the Commission's resolution of the negative	No. We cannot find that Reid made a substantial contribution on this point, which was also argued by Pacific Gas and Electric and San Diego Gas & Electric.
4. Residential Ratepayers	PCIA issue.  Reid recommended that "the Commission should consider qualitative factors when reaching a decision in this case. One of those factors should be the existing status of different customer classes with respect to direct access." (Reid Amended Testimony, pp. 6-7)  Reid pointed out a number of ways in which residential ratepayers were treated differently than commercial and industrial customers and noted that Public Utilities Code §365.1(a) specifically prohibits the vast majority of residential customers from receiving service from a direct access provider. (Reid Amended Testimony, pp. 5-7)	Yes, although other parties also made these points, as the Commission noted in D.11-12-018. We note that Reid's position was not described in the decision's discussion.
	The Commission effectively agreed with Reid and made a number of changes to the program to account for the effect on residential ratepayers. These changes include:  The Commission found that "A 60-day safe harbor period followed by a six-month period offers a reasonable time frame for calculating the duration of re-entry fees for involuntary returned residential and small commercial DA customers, in terms of keeping the bond costs manageable while protecting bundled customers against cost	

	shifting. (D.11-12-018, Finding of Fact 30, slip op. at 101)  The Commission found that "Placing involuntarily returned residential and small commercial customers on the BPS rate will protect them against the risk of higher procurement costs, and will transfer that risk of higher procurement costs to the ESP." (D.11-12-018, Finding of Fact 50, slip op. at 104)  Thus, Reid made a substantial contribution to the Commission's resolution of the	
5. CAISO Costs	Residential Customer issue.  Reid argued that "One of the purposes of the PCIA is to attempt to make sure that bundled ratepayers are indifferent to the movement of load from the IOUs to direct access providers. Since many of the CAISO load charges are based on volume, they should not be paid for by direct access providers." (Reid Amended Testimony, pp. 14-15)	Yes, but this was a consensus recommendation, therefore, there is duplication in this contribution.
	The Commission agreed with Reid and other parties when it ordered that "All California Independent System Operator (CAISO) charges that vary based on the amount of load including congestion charges, shall be excluded from the total portfolio cost and Market Price Benchmark for purposes of calculating the Power Charge Indifference Amount and Competition Transition Charge." (D.11-12-018, Ordering Paragraph 6, slip op. at 113)	
	Thus, Reid made a substantial contribution to the Commission's resolution of the CAISO Costs issue.	

6. Load Profiles	Reid argued that "Whenever possible, the Commission should authorize the use of publicly available data in calculating the MPB and PCIA. The bundled customer load profile is confidential and thus will not be available to the public or to many of the parties in this proceeding." (Reid Amended Testimony, p. 15)  The Commission agreed with Reid when it stated that "We conclude that the MPB should be weighted based on the historical IOU bundled load profile The use of historical bundled load data will avoid the need to use confidential data, and will still promote reasonable accuracy." (D.11-12-018, Ordering Paragraph 6, slip op. at 113)  Thus, Reid made a substantial contribution to the Commission's resolution of the Load Profiles issue.	Yes, but Office of Ratepayer Advocates (ORA) made a similar argument and the Commission adopted Southern California Edison Company (SCE's) recommendation that was revised in response to ORA's points.
7. Reentry Fees	Reid argued that "Since the utilities have a fixed base rate revenue requirement, any misallocation of customer costs for one customer or customer class must be paid for by bundled customers in a future period."  "Thus, reentry fees must be based on the utility's cost of providing service to the reentering customer. Otherwise, additional costs would be imposed on other customers in violation of PUC §394.25(e)." (Reid Reply Testimony, pp. 2-3)  The Commission effectively agreed with Reid when it stated that "We therefore authorize that administrative fees to cover involuntarily returned DA customers be set using the IOU's authorized service fee rate for voluntarily returning CCA accounts." (D.11-12-018, slip op. at 70)  Thus, Reid made a substantial contribution to the Commission's resolution of the Reentry Fees issue.	Yes, but other parties, such as ORA and The Utility Reform Network (TURN), addressed reentry fees and the equity of setting such fees.

8. Minimum Stay	In its opening testimony, Southern California Edison Company (SCE) argued that the minimum stay be changed from three years to 18 months. (SCE Testimony, p. 15)  Reid argued that "If the Commission adopts SCE's proposal, the planning risk will be borne by SCE's bundled customers and if that risk is realized, the costs will be paid for by SCE's bundled customers. Therefore, the Commission should not decrease the minimum stay for customers returning from direct access service to bundled utility service." (Reid Reply Testimony, p. 5)	No, it is not clear that Reid made a substantial contribution on this point.
	Although the Commission did not agree with Reid on this issue, Reid made a substantial contribution to the Commission's resolution of the Minimum Stay issue.	
9. Security Requirements	Reid argued that "The Commission should not allow an Energy Service Provider (ESP) to meet its financial security requirement through having an investment grade credit rating, or by a parent company guarantee. An IOU has a financial claim on a surety bond, a letter of credit, or credit. An IOU has no financial claim to an investment grade credit rating or a parent company guarantee." (Reid Reply Testimony, p. 6)	Yes, but such arguments were also made by ORA and TURN.
	The Commission agreed with Reid when it found that "A security bond, letter of credit, or secured cash deposits are alternative means that can meet the ESP financial security obligations of § 394.25(e). The use of self insurance or showing of an ESP's investment-grade bond ratings are inadequate alternatives that fail to provide the requisite financial security required by § 394.25(e)." (D.11-12-018, Finding of Fact 28, slip op. at 101)	

10. Bonding Requirements	Reid argued that "Thus, the bond or insurance must be equal to the Commission's estimate of reentry fees. Although this is a rather simple legal requirement, there are a number of quantitative issues which the Commission must address before it can determine the appropriate bonding level."	Yes, but, again, other parties, such as TURN and ORA, made persuasive arguments on this point.
	"The calculation of reentry fees and therefore the bonding level is complicated by two major uncertainties: (1) reentry costs change as market prices for energy and capacity change; and (2) the number of returning customers and the average reentry cost for those customers is unknown." (Opening Brief of L. Jan Reid on Bonding Requirements. January 24, 2011, pp. 3-4)	
	Thus, Reid made a substantial contribution to the Commission's resolution of the Bonding Requirements issue.	
11. Short Term Purchases	Reid argued that "I define short-term purchases as purchases with a contract term of less than one year. Since short-term purchases are obviously used to serve bundled load, they should not be accounted for in the MPB or in the PCIA. Therefore, I recommend that short-term purchases be removed from the MPB and PCIA." (Opening Brief of L. Jan Reid, May 6, 2011, p. 15)	Yes, but Reid's recommendation is consistent with that made by ORA.
	The Commission agreed with Reid when it found that "Short-term power purchases for terms of less than one year, do not belong in the calculation of total portfolio costs." (D.11-12-018, Finding of Fact 24, slip op. at 100)	
	Thus, Reid made a substantial contribution to the Commission's resolution of the Short Term Purchases issue.	

12. Forward Banking	The Joint Parties (JP) recommended changes to the RPS calculation and argued that "And provided that they meet certain requirements, IOUs can also bank excess RPS-eligible renewables from one year for credit in a future year, thus avoiding the need for a subsequent procurement." (JP Comments, p. 4)	Yes
	Reid argued that "Under SB 2 1 X, banking of excess procurement is not unlimited and does not include all RPS purchases." (Reid PD Reply Comments, pp. 2-3)	
	In this instance, the Commission did not adopt the Joint Parties' recommendation. Thus, Reid made a substantial contribution to the Commission's resolution of the Forward Banking issue.	

### B. Duplication of Effort (§§ 1801.3(f) & 1802.5):

		Intervenor's Assertion	CPUC Verified
a.	Was the Office of Ratepayer Advocates (ORA) a party to the proceeding? <sup>1</sup>	Yes.	Yes
b.	Were there other parties to the proceeding with positions similar to yours?	No.	After reviewing the briefs and comments, it appears that, in addition to ORA, TURN had raised similar concerns to Reid's, particularly with regard to bonding requirements and ratepayer protection. We recognize that TURN's participation in this portion of the proceeding was somewhat limited, but there is still overlap.
c.	If so, provide name of other parties:		See above
d.	Describe how you coordinated with ORA duplication or how your participation sup or contributed to that of another party:	We conclude that there were several areas where ORA and Reid overlapped, particularly in	

<sup>&</sup>lt;sup>1</sup> The Division of Ratepayer Advocates was renamed the Office of Ratepayer Advocates effective September 26, 2013, pursuant to Senate Bill No. 96 (Budget Act of 2013: public resources), which was approved by the Governor on September 26, 2013.

I met with the ORA on several occasions throughout the course of the proceeding in order to avoid duplication. I do not seek compensation for all of these meetings. As a matter of personal policy, I do not participate in Commission proceedings where my showing is likely to duplicate the showings of other consumer representatives such as the Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN). For example, I did not serve testimony in Phase 2 of A.09-12-020 because my showing would likely have duplicated the showings of the ORA and TURN.

There was very little agreement on key issues between Reid and the ORA in the instant proceeding. Of the 12 issues listed in Section II.A, Reid and the ORA had similar positions on only four issues: load profiles, minimum stay, security requirements, and reentry fees.

the areas of bonding requirements and ratepayer protections.

#### PART III: REASONABLENESS OF REQUESTED COMPENSATION

#### A. General Claim of Reasonableness (§§ 1801 & 1806):

#### a. Intervenor's claim of cost reasonableness:

In consolidated Rulemaking 97-01-009 and Investigation 97-01-010, the Commission required intervenors seeking compensation to show that they represent interests that would otherwise be underrepresented and to present information sufficient to justify a finding that the overall benefits of a customer's participation will exceed the customer's costs. (D.98-04-059, 79 CPUC2d 628, Finding of Fact 13 at 674, Finding of Fact 42 at 676) The Commission noted that assigning a dollar value to intangible benefits may be difficult.

As mentioned previously, Reid made a substantial contribution to the proceeding. It is reasonable to assume that the resolution of the issues raised in this proceeding will benefit ratepayers in the future.

Reid opposed the RPS recommendations of the Joint Parties (JP). If the Commission had adopted the JP's recommendations, I estimated that bundled ratepayers would have paid over \$81 million in additional rates if the JP's RPS recommendation had been accepted by the Commission compared to the \$62 million rate increase authorized in D.11-12-018. (See Amended Testimony of L. Jan Reid, Table 5, p. 12, and Reid PD Comments, p. 8) Thus, Reid and other parties saved ratepayers approximately \$19 million - more than five times the compensation that I have requested in this proceeding.

The Commission can safely find that the participation of Reid in this Proceeding was productive. Overall, the benefits of Reid's contributions to D.11-12-018 justify compensation in the amount requested.

#### **CPUC Verified**

Although Mr. Reid opposed the Renewable Portfolio Standard (RPS) recommendations of the Joint Parties, we cannot find that he alone made a substantial contribution on this point, particularly because his recommendations were not adopted. Still, we find that Reid's participation was productive, as he was arguing for ratepayer benefits.

b. Reasonableness of Hour All of Reid's work in this proced Thus, no unnecessary internal de	With the adjustments made for duplication and excessive hours, we find that Reid's hours are reasonable.	
c. Allocation of Hours by Is	sue	Yes
General	32%	
Bonding Requirements	2%	
CAISO Costs	3%	
Forward Banking	1%	
Load Profiles	6%	
Minimum Stay	8%	
Negative PCIA	5%	
Reentry Fee	1%	
Residential Ratepayers	11%	
Resource Adequacy	5%	
RPS	21%	
Security Requirements	4%	
Short Term Purchases	1%	

# B. Specific Claim:\*

	CLAIMED							ARD	
	ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year Hours Rate Basis for Rate* Total \$ Hours Rate To					Total \$			
L. Jan Reid, Expert	2010	38.5	\$185	\$185 D.12-06-011, \$7,122.50 Appendix		38.5	\$185	\$7,122.50	
L. Jan Reid, Expert	2011	256.2	56.2 \$185 D.12-06-011, \$47,397 Appendix			179.3	\$185	\$33,170.50	
	Subtotal: 54,519.5						Subtotal:	\$40,293.00	
				OTHER FE	ES				
Item	Year	Hours	Rate	Basis for Rate*	Total \$	Hours	Rate	Total \$	
L. Jan Reid, NOI	2010	1.4	\$92.50	D.12-06-011, Appendix	\$129.50	1.4	\$92.50	\$129.50	
				Subtotal:	\$129.50		Subtotal:	\$129.50	
		INTERV	ENOR C	OMPENSATION (	CLAIM PREPA	ARATION	V **		
Item	Year	Hours	Rate	Basis for Rate*	Total \$	Hours	Rate	Total \$	
L. Jan Reid	2012	5.7	\$97.50	See Comments of L. Jan Reid on	555.75	5.7	\$92.50	\$527.50	

		CLAIMED		CPUC A	WARD
		Proposed Decision of ALJ Simon, August 9, 2012, Section V. Hourly Rates, pp. 5-6.			
		Subtotal:	\$555.75	Subtotal:	\$527.50
		COSTS			
#	Item	Detail	Amount	Amount	
1	Postage	Postage for 2010-2011 (See Attachment A)	49.68		\$49.88
2	Copies	1682 copies for the period 2010-2011 at 8 cents/page. (See Attachment A)	134.56		\$134.56
		Subtotal:	184.24	Subtotal:	\$184.24
		TOTAL REQUEST \$:	\$55,388.99	TOTAL AWARD \$:	\$41,133.99

<sup>\*</sup>We remind all intervenors that Commission staff may audit their records related to the award and that intervenors must make and retain adequate accounting and other documentation to support all claims for intervenor compensation. Intervenor's records should identify specific issues for which it seeks compensation, the actual time spent by each employee or consultant, the applicable hourly rates, fees paid to consultants and any other costs for which compensation was claimed. The records pertaining to an award of compensation shall be retained for at least three years from the date of the final decision making the award.

#### C. CPUC Disallowances and Adjustments:

#	Reason
1. Adoption of L. Jan Reid's hourly rate(s).	The Commission set Reid's hourly rate for 2010 and 2011 at \$185 in D.11-03-019, D.11-08-015, and D.12-06-011. We apply that rate here. We make no adjustments for the work done in 2012, as that work was preparing the intervenor compensation request.
2. Disallowance for duplication of efforts.	Reid has claimed over more than 250 hours related to this decision. We find he has duplicated the work in several areas. We reduce the hours claimed in 2011 by 30% to account for duplicative work.

#### PART IV: OPPOSITIONS AND COMMENTS

A. Opposition: Did any party oppose the Claim?	No
B. Comment Period: Was the 30-day comment period waived (see Rule 14.6(2)(6))?	Yes

<sup>\*\*</sup>Travel and Reasonable Claim preparation time typically compensated at ½ of preparer's normal hourly rate.

#### FINDINGS OF FACT

- 1. L. Jan Reid has made a substantial contribution to D.11-12-018.
- 2. The requested hourly rates for Mr. Reid are comparable to market rates paid to experts and advocates having comparable training and experience and offering similar services.
- 3. The claimed costs and expenses, as adjusted herein, are reasonable and commensurate with the work performed.
- 4. The total of reasonable compensation is \$41,133.99.

#### **CONCLUSION OF LAW**

The Claim, with any adjustment set forth above, satisfies all requirements of Public Utilities Code §§ 1801-1812.

#### **ORDER**

- 1. L. Jan Reid is awarded \$41,133.99.
- 2. Within 30 days of the effective date of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall pay Claimant their respective shares of the award, based on their California-jurisdictional electric revenues for the 2011 calendar year, to reflect the year in which the proceeding was primarily litigated. Payment of the award shall include interest at the rate earned on prime, three-month non-financial commercial paper as reported in Federal Reserve Statistical Release H.15, beginning November 4, 2012, the 75<sup>th</sup> day after the filing of L. Jan Reid's request, and continuing until full payment is made.
- 3. The comment period for today's decision is waived.

4.	This decision is effective today.
Date	d , at San Francisco, California.

### **APPENDIX**

# **Compensation Decision Summary Information**

<b>Compensation Decision:</b>	Modifies Decision?	No
<b>Contribution Decision(s):</b>	D1112018	
Proceeding(s):	R0705025	
Author:	ALJ Pulsifer	
Payer(s):	Pacific Gas and Electric Company, San Diego Gas & Elec	tric Company,
	and Southern California Edison Company.	

### **Intervenor Information**

Intervenor	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Disallowance
L. Jan Reid	8/21/2012	\$55,388.99	\$41,133.99	No	Disallowance for duplication of efforts.

### **Advocate Information**

First Name	Last Name	Туре	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
L. Jan	Reid	Expert	L. Jan Reid	\$185	2010	\$185
L. Jan	Reid	Expert	L. Jan Reid	\$185	2011	\$185

(END OF APPENDIX)